

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298

November 10, 2022 ~~Agenda ID #21152~~
~~Ratesetting~~

~~TO PARTIES OF RECORD IN APPLICATION 22-04-016:~~

~~This is the proposed decision of Administrative Law Judge Fortune. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's December 15, 2022, Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.~~

~~Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.~~

~~The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).~~

~~/s/ Michelle Cooke~~
~~Michelle Cooke~~
~~Acting Chief Administrative Law Judge~~

~~MLC:mph~~
~~Attachment~~

ALJ/HCF/mph

PROPOSED DECISION Agenda ID #21152 (Rev. 1)

Ratesetting

12/5/2022 Item #21

Decision **PROPOSED DECISION OF ALJ FORTUNE** (Mailed 11/10/22)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric
Company (U39M) for Authorization
of PG&E's Customer Service Office
Closure and Transformation Proposal.

Application 22-04-016

**DECISION APPROVING JOINT MEMORANDUM OF UNDERSTANDING AND
SETTLEMENT AGREEMENT AND RESOLVING DISPUTED ISSUES**

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DECISION APPROVING JOINT MEMORANDUM OF UNDERSTANDING AND SETTLEMENT AGREEMENT AND RESOLVING DISPUTED ISSUES

Summary

This decision approves the Memorandum of Understanding (MOU) among and between Pacific Gas and Electric Company (PG&E), The Utility Reform Network (TURN), the Public Advocates Office (Cal Advocates), and the Center for Accessible Technology (CforAT); grants the Joint Settlement Agreement between PG&E and the National Diversity Coalition (NDC); and resolves the disputed issues between PG&E and the Small Business Utility Advocates (SBUA). This decision authorizes the permanent closure of PG&E's 65 customer service offices (CSOs) effective January 1, 2023 and approves with modification PG&E's proposal to transition its CSO employees to focus on targeted customer outreach for PG&E's most vulnerable customers.

The MOU adopts a plan for transitioning current CSO employees to outreach activities targeted to vulnerable customers, a communications plan informing customers about CSO closures and alternative payment methods, information about neighborhood payment centers and community based organizations, metrics that evaluate the CSO closures and transformation activities.

The Joint Settlement Agreement is reasonable, consistent with the law, and in the public interest and includes the closure of all 65 PG&E CSOs, endorses the metrics in the MOU (adding an option for customers to voluntarily indicate their race and/or ethnicity), provides an opportunity for NDC to work with PG&E to develop the CSO transformation effort and participate with PG&E in training CSO representatives, and requires PG&E to place notice of any market listing of the six CSO buildings in its community-based organization newsletter indicating

that the right of first offer goes to California Native American Tribes. The Joint Settlement Agreement represents a compromise from the litigation positions of PG&E and NDC.

As a result of this decision PG&E's ratepayers will benefit from approximately \$~~14.9~~[45.7](#) million in [estimated](#) savings over the 2023 General Rate Case (GRC) period (2023-2026).

Application 22-04-016 is closed.

1. Background

In Pacific Gas and Electric Company's (PG&E) 2007 General Rate Case (GRC), the California Public Utilities Commission (Commission) approved PG&E's request to close nine of its customer service offices (CSOs).¹

Subsequently in PG&E's 2020 GRC, the Commission approved a multi-party settlement agreement which authorized the closure of ten additional CSOs.²

In March 2020, due to concerns for its employees, customers, and the public's health and safety during the COVID-19 pandemic, PG&E closed all its CSOs to the public.

On April 28, 2022, PG&E filed an application with the Commission requesting authorization to close its remaining 65 CSOs and transition its CSO employees' scope to focus on targeted customer outreach to PG&E's most vulnerable customers. The targeted customer outreach was planned to be through outbound calls, "case management" support, and CBO engagement. The application sought expedited treatment pursuant to Rule 2.9 and included a Memorandum of Understanding (MOU) developed with the California Public Advocates Office (Cal Advocates), The Utility Reform Network (TURN), and the

¹ Decision (D.) 07-05-058.

² D.20-12-005.

Center for Accessible Technology (CforAT). The MOU supports PG&E's application to close its 65 CSOs. Also, on April 28, 2022, PG&E filed a motion for an order maintaining the status of closed CSOs, pending the resolution of the instant application.

TURN, Cal Advocates' and CforAT filed motions for party status to this proceeding and these motions were granted. Parties filed responses to PG&E's proposed schedule and its motion to maintain the status quo of CSO closure during the pendency of this proceeding. On May 19, 2022, PG&E filed a reply to the TURN, NDC and SBUA Responses. On May 19, 2022, the Commission filed Resolution ALJ 176-3508 establishing the category for this proceeding as ratesetting. On May 31, 2022, the ALJ issued a ruling confirming a June 20, 2022, prehearing conference (PHC) and directing the parties to file a joint PHC statement. On June 16, 2022, PG&E, NDC, CforAT, TURN, and SBUA filed a joint PHC statement.

On June 23, 2022, the assigned ALJ issued a ruling granting PG&E's motion to maintain the closure of its CSOs and denying its request for an expedited schedule pursuant to Rule 2.9. Upon further review, the assigned Commissioner approved PG&E's request for an expedited schedule; and on July 18, 2022, the ALJ issued a ruling vacating that aspect of the June 23, 2022, ruling.

A scoping memo was issued on August 15, 2022, and on August 18, 2022, the assigned ALJ issued a ruling granting an extension to the procedural schedule for this proceeding. On September 15, 2022, PG&E and NDC filed a joint motion for approval of a settlement agreement. On September 16, 2022, PG&E filed a motion to enter its confidential workpaper into the record, of this proceeding, under seal. On September 16, 2022, SBUA and NDC filed a joint motion for the admission of parties' testimonies into the record, of this

proceeding, as evidence. Both PG&E's motion and the joint SBUA and NDC motion, are granted.

On September 19, 2022, PG&E, TURN and SBUA filed Opening Briefs. On September 26, 2022, PG&E and SBUA filed Reply Briefs. On September 27, 2022, TURN filed an amended Reply Brief. On October 5, 2022, the ALJ issued a ruling seeking additional information directed to PG&E and SBUA. On October 12, 2022, PG&E and SBUA filed comments on the ALJ ruling. SBUA and PG&E filed reply comments on October 19, 2022, at which point the proceeding was considered submitted.

2. Issues Before the Commission

As defined in the August 15, 2022, Scoping Memo, the issues in this proceeding to be examined and considered are:

- Whether the Application and Joint Memorandum of Understanding (MOU), among PG&E, TURN, Cal Advocates and CforAT, filed with PG&E's application satisfy all the requirements of the Public Utilities Code and all applicable Commission Rules, General Orders, and Decisions?
- Should all remaining 65 CSOs be permanently closed; and if so, are mitigations necessary to address customer impacts, including small business customers?
- Would the closures of the CSOs result in unmitigated impact on the achievement of the Commission's Environmental and Social Justice Action Plan?
- Has PG&E appropriately engaged with underserved communities to receive feedback on their needs and input on how to mitigate any harms?
- Are PG&E's proposed amounts of cost savings reasonable including whether it is efficient to retain all current CSO employees and offer current part-time and intermittent employees full-time positions?

- Has PG&E appropriately incorporated working with CBOs in its plans?
- Should customer metrics be reported with breakdowns by income, vulnerabilities, disabilities, AFN identification, and other categories, as available?
- Should there be consideration of alternative potential uses for some existing CSO locations, such as energy centers, meeting spaces for CBOs or other customer-facing activities?
- Is the positioning of Neighborhoods Payment Center (NPC) adequate as permanent substitutes for CSOs?

3. **Application Summary**

PG&E's application seeks authorization to close its remaining 65 CSOs and transition current CSO employees' scope to focus on targeted customer outreach to its most vulnerable customers.³ PG&E's application explains that it closed all its CSOs to the public in March 2020 due to public health and safety concerns for its employees and customers during the COVID-19 pandemic.⁴ Prior to the pandemic in 2019, PG&E's application asserted that 93 percent of all CSO transactions were energy bill payments. PG&E's analysis of customer payments during the pandemic showed that CSO customers, including those who are low-income, disabled, and vulnerable, successfully transitioned to other payment channels. According to PG&E ninety eight percent of its customers migrated to other payment channels by the end of 2021.⁵ These other channels include mail

³ Application of Pacific Gas and Electric Company for Authorization of PG&E's Customer Service Office Closure and Transformation Proposal, at 1.

⁴ *Ibid.*

⁵ *Ibid.*, at 2.

(29 percent), internet (25 percent), pay by phone (24 percent), and neighborhood payment centers (17 percent).⁶

PG&E outlined the following activities as part of its planned transitioning of its current CSO employees' scope of work to focus on targeted customer outreach to its most vulnerable customers:⁷

- Re-assigning the CSO workforce to proactively call customers whose bills are in arrears.
- Enrolling (customers in arrears) in assistance programs such as the California Alternate Rates for Energy (CARE), the Family Electric Rates Assistance (FERA),⁸ and the Arrearage Management Plan (AMP).
- Helping customers access financial assistance through the Low Income Home Energy Assistance Program (LIHEAP) and Emergency Rental Assistance Program (ERAP).
- Supporting ~~for~~ increased enrollments in the Medical Baseline and Access and Functional Needs (AFN) self-identification for wildfire.
- Supporting Public Safety Power Shutoff (PSPS) and other safety awareness outreach.
- Supporting customers facing disconnection.
- Leveraging partnerships with Community Based Organizations (CBOs).

According to PG&E, the proposed CSO closures would result in an estimated \$14.9 million in total cost savings during the 2023 GRC period (2023-2026).⁹ Included in the total cost savings are \$11.8 million in cumulative

⁶ *Ibid.*

⁷ *Ibid.*, at 3-5.

⁸ FERA means Family Electric Rate Assistance program.

⁹ Application of Pacific Gas and Electric Company for Authorization of PG&E's Customer Service Office Closure and Transformation Proposal, at 5.

expense savings and an estimated \$3.1 million for the CSOs that PG&E owns.¹⁰ The actual savings realized by closing its CSOs will vary each year during the 2023 GRC and later period depending on when it can exit leases or sell CSOs that it owns, according to PG&E.¹¹

If its application is approved, PG&E plans to submit a Tier 2 Advice Letter within 60 days, detailing: (1) the reduction to its adopted electric and gas distribution revenue requirements effective January 1, 2024 resulting from the closure of CSOs up to that date and (2) the savings to be returned to customers that were realized from the date of the CSO closures through December 31, 2023.¹² In subsequent years, by October 1, PG&E will submit the revenue requirement changes associated with CSO closure savings annually until all CSOs have been closed and property transactions concluded via Tier 2 Advice Letter served to the service lists for this application and the 2023 GRC.¹³

PG&E's application also asks the Commission to approve the MOU developed with TURN, Cal Advocates, and CforAT. According to PG&E, "the MOU was based on feedback on opportunities to improve outreach to PG&E's most vulnerable customers, including how to best notify these customers of the CSO closures and alternative methods of paying their bills."¹⁴

4. The Memorandum of Understanding (MOU)

PG&E's application requests Commission approval of the MOU developed with TURN, Cal Advocates, and CforAT. The MOU commits PG&E to transition

¹⁰ *Ibid.*

¹¹ *Ibid.*, at 6.

¹² *Ibid.*

¹³ *Ibid.*

¹⁴ *Ibid.*, at 9.

its CSO employees' scope of work to other customer supporting tasks, including, but not limited to, conducting targeted outreach to vulnerable customers via outbound calls, case management support, and community based organization (CBO) engagement.¹⁵

Specifically, the MOU requires the following:

PG&E's CSO workforce, in collaboration with CBOs that are compensated to provide customers financial assistance support and that are trained on PG&E's financial assistance programs, will proactively call customers in arrears to help them reduce their past due balances and better manage their bills including enrolling them in ratepayer assistance programs including but not limited to Energy Savings Assistance Program (ESA), California Alternative Rates for Energy (CARE, Family Electric Rate Assistance (FERA), the Arrearage Management Plan (AMP), and Medical Baseline. Outreach will also include general information on other utility assistance programs.

PG&E's CSO workforce will also help customers access financial assistance through the Low-Income Home Energy Assistance Program (LIHEAP) and Emergency Rental Assistance Program (ERAP) as well as any additional utility affordability and debt relief assistance programs that may be adopted by state and federal authorities.

Outreach by PG&E's CSO workforce will also inform customers about the opportunity to self-identify as having AFN. Customers that self-identify will be provided information on PG&E's AFN-targeted customer resiliency programs (e.g., Portable Battery Program) to ensure that they have options available during long-duration outages. Customers will also be informed of Public Safety Power Shutoff (PSPS) notification protocols and outreach initiatives regarding wildfire and/or de-energization risks for AFN customers as outlined in PG&E's 2022 Wildfire

¹⁵ Testimony Pacific Gas and Electric Company, Chapter 1, Attachment A, Memorandum of Understanding, at 1-AtchA-1.

Mitigation Plan (WMP) or otherwise required by the California Office of Energy Infrastructure Safety or CPUC. Outreach will be provided in accessible formats which includes key information in large print in all printed materials and accessible formats upon request including large print, Braille, and audio formats. For customers who are identified in PG&E's database as using Relay calls or TTY service, outgoing calls will be made in the customer's preferred format.

PG&E will provide customers with a callback number for a new, dedicated PG&E phone line for the services listed in Sections a, b, and c which will connect them to a CSO representative for further questions.

PG&E's CSO workforce will engage with non-English speaking customers with live support from third-party translation services providers.

With the input of TURN, CforAT, and/or CBOs, PG&E will provide annual training to CSO representatives on the challenges that vulnerable customers face and how to communicate with customers in an empathetic and helpful manner.¹⁶

In addition to the provisions above, the MOU's terms include a "Communication Plan," that PG&E will launch within 90 days of Commission approval of its application. The Communications Plan will provide customers with detailed information in multiple languages via e-mail, U.S. mail, and other modes, that let customers know about CSO closures and alternative payment methods and locations including neighborhood payment centers (NPCs). Website information, a list of local CBOs, customer service phone numbers and alternative means for non-payment transactions will also be provided to

¹⁶ Testimony Pacific Gas and Electric Company, Chapter 1, Attachment A, Memorandum of Understanding, at 1-AtchA-2 to 1-AtchA-3.

customers. Moreover, PG&E will post signage at closed CSO locations for at least one year until it no longer occupies the location (whichever is sooner).¹⁷

A key component of the MOU are metrics for evaluating and tracking the CSO closure and transformation program as follows:

- The success rate of customer contact attempts;
- The number of call backs received;
- The average speed of answer (ASA) for the call center and web-based online completion rates;
- The number of customers enrolled by CSO employees in the CARE, FERA, AMP programs and other assistance programs consistent with Subsections “a” and “b”;
- The number of ESA program referrals;
- The number of Medical Baseline program applications sent to customers;
- The number of LIHEAP pledges from customers contacted by CSO employees;
- The number of new customers that self-identify as vulnerable, disabled, and AFN because of CSO outreach;
- The number of payment transactions, per channel, with payment transaction data of all CSO exclusive customers, including a separate breakout of data for all CARE, FERA, and Medical Baseline customers;
- The number of non-payment transactions, per channel, with non-payment data of all CSO exclusive customers, including a separate breakout of data for all CARE, FERA, and Medical Baseline customers;
- The percentage of CSO exclusive customers who made zero payments in the past twelve months, the percentage of CSO exclusive customers disconnected for nonpayment in

¹⁷ Testimony Pacific Gas and Electric Company, Chapter 1, Attachment A, Memorandum of Understanding, at 1-AtchA-3 to 1-AtchA-4.

- the past twelve months, and the percentage of CSO exclusive customers in arrears at the time of reporting.
- The number of Neighborhood Payment Centers serving each city with a closed CSO and the distance of each NPC from the closed CSO location;
 - The hours of each NPC serving the city within the closed CSO;
 - The name of every CBO (that PG&E compensates) who provided outreach and/or enrollment in utility programs promoting bill affordability serving the city and/or county with the closed CSO, including the language(s) in which services are provided by the CBO and the number of customers that each CBO reports that they have enrolled in utility programs.¹⁸

As part of the MOU, PG&E agrees to submit a CSO Annual Report¹⁹ providing the metrics above to the service list of this proceeding beginning March 1 of the first full year following Commission approval of its application. PG&E will submit the last CSO Annual Report on March 1, 2027, with data for 2026.

As mentioned above in Section 3 and further detailed in the MOU, following the Commission's approval of PG&E's CSO Closure and Transformation Proposal and 2023 GRC, PG&E will submit a Tier 2 Advice Letter within 60 days, detailing the: (1) reduction to the adopted electric and gas distribution revenue requirements effective January 1, 2024, resulting from the closure of CSOs up to that date and (2) the savings to be returned to customers that were realized from the date of the CSO closures through December 31, 2023.

¹⁸ Testimony Pacific Gas and Electric Company, Chapter 1, Attachment A, Memorandum of Understanding, at 1-AtchA-5.

¹⁹ The Report will be submitted to the Commission's Energy Division and Parties to this proceeding and the 2023 PG&E GRC proceeding.

In subsequent years, by October 1, PG&E will submit the revenue requirement changes associated with CSO closure savings annually until all CSOs have been closed and the property transactions concluded (i.e., sale of buildings concluded, or lease expired or terminated) via Tier 2 advice letter. PG&E will serve each Tier 2 advice letter on the service lists for the CSO application and the 2023 GRC. The MOU specifies that commitments in the MOU shall remain effective until the 2027 GRC unless otherwise directed by the Commission but does not constrain the recommendations that parties may present to the Commission for the 2027 GRC.²⁰

No parties object to the terms of this MOU, which essentially represents a partial, unopposed settlement of a subset of the issues within this proceeding. The assessment of the cost savings is detailed in the MOU with procedures for allocation and reporting. The specific commitments in the MOU are supported by the record and are in the public interest as they assist PG&E's customers that used CSOs for payment and non-payment transactions in learning about and transitioning to alternative options for payment and other non-payment transactions.

We find that the MOU is reasonable and in the public interest in that it provides cost savings for PG&E ratepayers and provides accommodations for a transition from using CSOs for payments.

4.2. Protests to the Application

Protests to PG&E's application were filed by TURN, NDC and SBUA. The Sections below will present the concerns raised by TURN, NDC and SBUA in

²⁰ Testimony Pacific Gas and Electric Company, Chapter 1, Attachment A, Memorandum of Understanding, at 1-AtchA-5 to 1-AtchA-6.

their respective protests to PG&E's application. The Sections will also present PG&E's initial reaction to each party's concerns in their May 19, 2022, Reply.

Parties met and conferred before a scheduled PHC, and filed a joint prehearing conference statement laying out their respective core perspectives on PG&E's application, on June 16, 2022. These core perspectives are also presented below.

4.2.1. TURN Protest

TURN's protest supported PG&E's motion to maintain the status quo (of CSO office closure) as well as PG&E's proposal that this proceeding be resolved by the end of 2022.²¹ However, TURN did not support PG&E's request for specific relief under Rule 2.9 because, according to TURN, PG&E had not met the requisite standard.²² Because the Assigned Commissioner ruled that expedited treatment would be afforded, we do not elaborate on the protest and reply.

4.2.2. NDC Protest

NDC's protest to PG&E's application argued that the Commission should consider whether PGE's proposed permanent closure of all remaining CSOs and plan to transition the CSO workforce to do targeted customer outreach to the most vulnerable customers is reasonable.²³ NDC recommended including, within the scope of issues, specific evaluation about the following: whether PGE has appropriately engaged with underserved communities to receive feedback on

²¹ Response of The Utility Reform Network to Applicant's Proposed Schedule and Motion to Maintain the Status Quo During the Pendency of this Proceeding, May 10, 2022, at 2.

²² *Ibid.*

²³ Response of the National Diversity Coalition to Application of Pacific Gas and Electric Company for Authorization of PG&E's Customer Service Office Closure and Transformation Proposal, Request for Expedited Schedule, May 11, 2022, at 10-11.

their needs and input on how to mitigate harms, whether PGE's proposed amounts of cost savings are reasonable, whether it is efficient and effective to retain all current CSO employees and offer current part-time and intermittent employees full-time positions, whether PGE has appropriately incorporated working with CBOs into their transformation plans, and whether metrics should be reported with breakdowns by income, ethnicity, AFN identification, and other categories.²⁴

PG&E's Reply supported the view, in NDC's protest, that engagement with underserved communities is critical to its Proposal. PG&E also stressed that it had considered two years of statistical data that clearly indicated that many customers have found alternative payment arrangements.²⁵ PG&E also pointed to surveys it conducted during 2020 which showed that vulnerable customers were not harmed by CSO closures during the COVID-19 pandemic.²⁶

PG&E's Reply challenged NDC's position that it had not considered outside feedback about CSO closures. The Reply indicated that it had gathered feedback from community leaders and from customer advisory panels.²⁷ PG&E's discussions with TURN, CforAT, and Cal Advocates were also mentioned as an example of engagement to ensure that the vulnerable communities these parties represent are properly considered in shaping the Proposal.²⁸

²⁴ *Ibid.*

²⁵ Reply of Pacific Gas and Electric Company to Responses of The Utility Reform Network, The National Diversity Coalition, and The Small Business Utility Advocates, May 19, 2022, at 6.

²⁶ *Ibid.*, at 6-7.

²⁷ *Ibid.*, at 7.

²⁸ *Ibid.*

Regarding NDC's questioning about whether PG&E needs to retain all its CSO workers, PG&E responded that CSO staffing levels are appropriate given the accomplishments made with its COVID-19 outbound call campaign among other activities. CSO employees are critical for a diversity of outreach outlined in its application, according to PG&E.²⁹

In its response to NDC's suggestion about the need to work with CBOs, PG&E stated that it has provided details in its testimony about how it intends to engage with CBOs including providing compensation for their collaboration.³⁰ Regarding metrics, PG&E's response indicated that it does not track ethnicity data but agreed with NDC that metrics should provide a meaningful way to gauge whether the program is properly serving its most vulnerable customers.³¹

NDC reiterated and summarized their core concerns in a joint PHC statement as follows:

- Whether PG&E has appropriately engaged with underserved communities to receive feedback on their needs and input on how to mitigate harms.
- Whether PG&E's proposed amounts of cost savings are reasonable including whether it is efficient and effective to retain all current CSO employees and offer current part-time and intermittent employees full-time positions.
- Whether PG&E has appropriately incorporated working with CBOs in its plans.
- Whether metrics should be reported with breakdowns by income, ethnicity, AFN identification, and other categories, as available.

²⁹ *Ibid.*

³⁰ *Ibid.*

³¹ *Ibid.*

PG&E agreed that NDC's concerns 1, 2 and 3 should be included in the scope of the proceeding. However, concern number 4, regarding tracking the ethnicity data of customers, according to PG&E, implicated significant customer privacy/legal risks and costs with little commensurate benefit.³²

After the PHC, NDC and PG&E continued to meet to discuss the four issues above and filed a joint motion for approval of a settlement agreement on September 15, 2022.

4.2.3. SBUA Protest

SBUA's protest to PG&E's application argued that small businesses are vital to California's economic health and welfare.³³ The protest further asserted that PG&E serves over 441,000 small business customer accounts whose interests often diverge from residential ratepayers and larger-sized commercial customers.³⁴ SBUA's protest stated that PG&E's application entirely neglects to mention any consideration of small business customers, and identified fourteen items as reasons that PG&E application was deficient:³⁵

PG&E responded to SBUA's protest, in its Reply to the responses of TURN, NDC, and SBUA. PG&E provided its preliminary responses to SBUA concerns

³² Joint Prehearing Conference Statement of Pacific Gas and Electric Company, Center for Accessible Technology, National Diversity Coalition, Small Business Utility Advocates, and The Utility Reform Network, June 16, 2022, at 2.

³³ Response of Small Business Utility Advocates to Application of Pacific Gas and Electric Company for Authorization of PG&E's Customer Service Office Closure and Transformation Proposal, May 17, 2022, at 3.

³⁴ *Ibid.*

³⁵ *Ibid.*, at 4 -7.

with the understanding that more data would be provided through the discovery and meet-and-confer processes.³⁶

In response to SBUA's claim that small business customers were not able to make payments during CSO closures, PG&E's Reply asserted that it initiated disconnection moratoriums and robust communications campaigns to help small businesses understand PG&E financial assistance programs.³⁷ Neighborhood Payment Centers (NPCs) was another strategy that PG&E mentioned, in its reply, as a means of providing small businesses an in-person means by which to pay.³⁸ PG&E stated that the testimony served with its application showed that its CSO exclusive customers, including small business customers, have overwhelmingly adjusted to new payment methods during the pandemic while the CSOs were closed.³⁹

SBUA's protest claimed that PG&E had not provided employees with an opportunity to provide input on its application. PG&E's Reply mentioned an agreement reached with the International Brotherhood of Electrical Workers Local Union No. 1245 (IBEW 1245) as an example that employees were heard and had provided input to its Proposal.⁴⁰

SBUA's protest also asserted that PG&E's application should have explored alternative uses for CSO locations.⁴¹ PG&E's Reply indicated that many

³⁶ Reply of Pacific Gas and Electric Company to Responses of The Utility Reform Network, The National Diversity Coalition, and the Small Business Utility Advocates, May 19, 2022, at 8.

³⁷ *Ibid.*

³⁸ *Ibid.*

³⁹ Reply of Pacific Gas and Electric Company to Responses of The Utility Reform Network, The National Diversity Coalition, and the Small Business Utility Advocates, May 19, 2022, at 9.

⁴⁰ *Ibid.*

⁴¹ SBUA's Response to PG&E's Application, May 17, 2022, at 6.

of the buildings used by CSOs were co-located (within other PG&E buildings) and it intends to use these spaces for meetings including with customers, as needed and applicable.⁴² In regard to SBUA's suggestion of using CSO locations as "energy centers" where small business customers can have hands-on experiences with clean energy devices and appliances, PG&E's reply stated that this suggestion was better addressed in more appropriate clean energy proceedings.⁴³

SBUA's protest to PG&E's application included three additional requests that PG&E (1) ensure (small business) customers have access to NPCs which are reasonable distance from the former CSOs; (2) provide data on the impact of this Application on small business customers in ESJ communities; and (3) consider a policy of encouraging NPCs in existing small businesses.⁴⁴

PG&E's Reply indicated that it was amenable to all SBUA's requests and would collaborate in the discovery and meet-and-confer process.⁴⁵

SBUA reiterated and summarized their core concerns in a joint PHC statement as follows:

1. The reasonableness of closing all CSO with respect to small business customers.
2. Consideration of alternative potential uses for some existing CSO locations, such as energy centers, meeting spaces for CBOs or other customer-facing activities.
3. Adequacy and positioning of NPCs as permanent substitutes for CSOs; and,

⁴² Reply of Pacific Gas and Electric Company to Responses of the Utility Reform Network, The National Diversity Coalition, and the Small Business Utility Advocates, May 19, 2022, at 10-11.

⁴³ *Ibid.*

⁴⁴ SBUA's Response to PG&E's Application, May 17, 2022, at 7.

⁴⁵ Reply of Pacific Gas and Electric Company to Responses of the Utility Reform Network, The National Diversity Coalition, and the Small Business Utility Advocates, May 19, 2022, at 11.

4. Evaluation of the impact of the Application on small business customers in ESJ communities pursuant to ESJ Action Plan 2.0 Goal 1.1.1.

PG&E agreed that each of the issues identified above should be included in the scope of the proceeding.

SBUA and PG&E continued to meet and confer after the PHC but were unable to conclude a settlement agreement. Instead, SBUA and PG&E each filed Opening Briefs on the following issues:⁴⁶

- Whether PG&E's application satisfies all requirements with the Public Utilities Code, General Orders, and Decision(s)?
- Whether all 65 CSOs should be permanently closed; and if so, are mitigations necessary?
- The impact of the CSO closures on ESJ communities.
- Has PG&E appropriately engaged with underserved communities?
- Are PG&E's proposed amount of cost savings reasonable including the retention of all current CSO employees?
- Alternative potential uses for some existing CSO locations.
- The positioning of NPCs.

4.3. Opening and Reply Briefs

TURN, PG&E and SBUA submitted Opening Briefs on September 19, 2022 and Reply Briefs on September 26, 2022. Their positions in their Briefing documents are presented below.

4.3.1. TURN Opening Brief

⁴⁶ Rule 13.9 (b) Notice of Meet and Confer, September 15, 2022, procedural email to service list.

In its Opening Brief, TURN discussed the reasonableness of PG&E's proposed staffing levels and related labor costs for its CSO Closure and Transformation Proposal.⁴⁷ TURN recommended that the Commission cap the CSO workforce for PG&E CSO Closure and Transformation Proposal to 100 Full-Time Equivalents (FTEs) for purposes of calculating cost savings to ratepayers.⁴⁸ TURN argued that capping the future CSO workforce is appropriate because PG&E is seeking to eliminate one form of customer service with a different new and experimental approach to serving customers. Therefore, it is appropriate to limit costs (to ratepayers) by limiting the number of ~~CSOs~~CSO (full-time employees).⁴⁹ Moreover, the MOU that TURN entered into with PG&E and other parties, specifies that PG&E would utilize its existing CSO workforce to implement its CSO Closure and Transformation Proposal, not expand that workforce.⁵⁰

PG&E clarified that it does not intend to keep its CSO workforce at its current size.⁵¹ Instead, PG&E now intends to maintain a minimum headcount of 100 employees through December 31, 2025, minus the number of employees who leave through voluntary severance or bid out to other departments, pursuant to an agreement with IBEW.⁵² Therefore, in the future, the CSO headcount would be approximately 9 management and 95 bargaining unit employees.⁵³

⁴⁷ Opening Brief of The Utility Reform Network, September 19, 2022, at 1.

⁴⁸ *Ibid.*

⁴⁹ *Ibid.*, at 2.

⁵⁰ *Ibid.*

⁵¹ *Ibid.*

⁵² *Ibid.*, at 5-6.

⁵³ PG&E Rebuttal, p. 1-11.

Expanding the CSO workforce by more than 20 positions (from 82 current to approximately 104 in the future) is not a “re-deployment” of the current CSO workforce but an expansion, according to TURN. Therefore, TURN’s Opening Brief recommended that the Commission adopt PG&E’s CSO Closure and Transformation Proposal and cap the workforce for the CSO Transformation program at 100 FTE for purposes of calculating cost savings which will flow to ratepayers.⁵⁴

4.3.2. PG&E Opening Brief

PG&E’s Opening Brief, asserted that it gathered data to understand how the CSO closures impacted CSO customers.⁵⁵ According to PG&E, the data demonstrated that customers who previously used CSOs have successfully transitioned to other PG&E payment channels and 93 percent of all CSO transactions involved bill payment.⁵⁶ The data also shows that exclusive CSO customers, especially those who are low-income, disabled, and vulnerable, were able to successfully transition to PG&E’s alternative payment channels following the CSO closures.⁵⁷ As of December 31, 2021, PG&E CSO representatives made over 310,000 contact attempts resulting in over 77,000 successful contacts; assisted customers in enrolling and/or referring over 7,500 customers to financial assistance programs; and made over 600 rate changes for PG&E’s most vulnerable customers.⁵⁸

⁵⁴ Opening Brief of The Utility Reform Network, September 19, 2022, at 7.

⁵⁵ Opening Brief of Pacific Gas and Electric Company, September 19, 2022, at 3.

⁵⁶ *Ibid*, at 4.

⁵⁷ *Ibid*, at 5.

⁵⁸ *Ibid*, at 6.

PG&E's Opening Brief also mentioned that it had engaged in discussions with key stakeholders to receive and incorporate feedback including IBEW 1245, Cal Advocates, CforAT, and TURN.⁵⁹ PG&E and IBEW 1245 entered into a joint letter agreement in which IBEW 1245 expressed support for PG&E's transitioning CSO employees to its new proactive outreach model. Cal Advocates, CforAT, and TURN provided critical feedback on customer notification plans and metrics to help PG&E increase the success of its outreach to vulnerable customers, culminating in an MOU where the counterparties agreed not to oppose the Application.⁶⁰ PG&E and NDC also engaged in fruitful discussions and arrived at a Settlement Agreement discussed below in Section 5.

PG&E's Opening Brief included information about the metrics it intends to include in an Annual Report over the next three years.⁶¹ These metrics will allow PG&E to evolve its efforts to meet customers' changing needs and continue soliciting community feedback on how to improve PG&E's services as well as measure the impacts of the Proposal over the next three years.⁶²

Finally, PG&E's Opening Brief asserted that the proposed CSO closures will also result in cost savings to ratepayers – an estimated \$14.9 million in total cost savings during the 2023 GRC period (2023-2026).⁶³ The actual savings realized by closing PG&E's CSOs will vary year to year during the 2023 GRC period depending on when PG&E can exit leases or sell CSOs they own.

⁵⁹ *Ibid*, at 8.

⁶⁰ *Ibid*.

⁶¹ *Ibid*, at 9.

⁶² *Ibid*.

⁶³ *Ibid*, at 10.

4.3.3. PG&E Reply Brief

PG&E's Reply Brief disagreed with SBUA that its application was not reasonable and robust. PG&E pointed to collaboration with stakeholders and CBOs and its estimated \$14.9 million in cost savings to ratepayers as examples of alignment with other parties as outcomes that should be supported.

Regarding reusing CSO spaces for community purposes, PG&E's Reply Brief further explained that it is unable to repurpose the eight specific CSO sites with lease expiration dates between October 2024 and March 2027 because the terms of the leases which dictate that the spaces cannot be used for any other purpose than for office space or customer service office services.⁶⁴ PG&E also clarified that even if PG&E were to attempt to renegotiate the terms of the leases to allow for other uses, (1) there is the risk that the rent would increase by reopening the lease; and (2) PG&E has no control over whether the landlords would be willing to renegotiate and agree to a change of the usage of space provision.⁶⁵ Moreover, PG&E contends that SBUA request to keep some CSOs open would reduce the cost savings that would otherwise be returned to customers. According to PG&E, keeping CSOs open would require not only the cost of labor, but also certain operation and maintenance fees related to public use of the facilities including building security and miscellaneous cash handling costs.⁶⁶

4.3.4. SBUA Opening Brief

SBUA's Opening Brief asserted that PG&E's application is not reasonable or robust and failed to assess the consequences of its CSO Closure and

⁶⁴ *Ibid*, at 4.

⁶⁵ *Ibid*.

⁶⁶ *Ibid*, at 5.

Transformation Proposal.⁶⁷ According to surveys conducted of CSO users in 2018 in 8 of the 16 sites, the “main reason” 10 percent to 20 percent of customers came to the CSO was for a non-payment service as opposed to the 7 percent of transactions that PG&E claims were not payment transactions.⁶⁸ For SBUA, this means that PG&E’s application wrongly discounts the value of directly talking to a person face-to-face.⁶⁹ Before closing nine CSO offices in 2007, PG&E conducted ten public participation hearings.⁷⁰ Based on public feedback, PG&E learned that agricultural customers would face particular challenges from CSO closures. As a result, PG&E agreed to “create, on a pilot basis, a call center with its own toll-free phone line staffed by agricultural specialists” and if the “customer’s problem cannot be resolved over the phone, the problem will be referred to the dedicated field representative closest to the customer’s location.”⁷¹

In particular, according to SBUA’s Opening Brief, PG&E has not undertaken to understand the impact of closure of 100% of its CSOs and has not engaged small business customers in underserved communities regarding the CSO closures.⁷² PG&E noted in its Reply to SBUA’s Response to the Application that, as required by R.21-02-014, PG&E is starting a pilot program to use Energy Ambassadors to engage directly with small business customers in DACs with COVID-19 pandemic-period utilities arrearages. However, this outreach is

⁶⁷ Brief of Small Business Utility Advocates, September 19, 2022, at 1.

⁶⁸ *Ibid.*

⁶⁹ *Ibid.*, at 5.

⁷⁰ *Ibid.*

⁷¹ *Ibid.*

⁷² *Ibid.*

narrowly focused and does not target CSO users.⁷³ SBUA's Opening Brief maintained that PG&E's application has not complied with the Commission's ESJ Action Plan 2.0.⁷⁴ The ESJ Action Plan Goal 1.1.1 requires evaluation of the impact of this application on "small businesses in ESJ communities[.]" While Table 1-3 of PG&E's Prepared Testimony includes an analysis of compliance with ESJ Action Plan Objectives, it does not discuss small businesses, according to SBUA.

4.3.5. SBUA Reply Brief

SBUA's Reply Brief reiterated its claim that PG&E did not analyze the non-payment impact of CSO closures.⁷⁵ Referring to PG&E's Opening Brief, SBUA's Reply Brief asserted that PG&E gathered data on whether customers were able to make payments by other means. PG&E has not considered the value of answering questions and problem solving that may not have resulted in an on-the-spot (non-payment) transaction.⁷⁶ PG&E never asked customers how they were affected by the CSO closures and what additional support they needed.⁷⁷ If PG&E had conducted these hearings or surveys, it likely would find that those small business customers, with complex TOU⁷⁸ options and eligibility for multiple programs, and particularly those that chose to make cash or in-person payments, would benefit from avoiding CSO closures.⁷⁹

⁷³ *Ibid*, at 5-6.

⁷⁴ *Ibid*, at 7.

⁷⁵ Reply Brief of Small Business Utility Advocates, September 26, 2022, at 1.

⁷⁶ *Ibid*, at 1-2.

⁷⁷ *Ibid*, at 2.

⁷⁸ Time Of Use or TOU is a type of electricity rate.

⁷⁹ ~~*Ibid*~~ [Reply Brief of Small Business Utility Advocates, September 26, 2022, at 2.](#)

SBUA's Reply Brief asserted that PG&E's Rebuttal Testimony contended that it need not consider the impact of the program on small businesses with ESJ communities because ESJ Action Plan Goal 1.1.1 states "consider a designated section on ESJ impacts in decisions, resolutions, and advice letters that impact customers, residents, or small businesses in ESJ communities" which PG&E interpreted that "the word 'or' in Goal 1.1.1 means that at minimum, one of the groups (customers, residents, or small businesses) would need to be included, but not necessarily all."⁸⁰

According to SBUA's Reply Brief, PG&E explained why targeting the "most vulnerable customers" is a justification for ignoring other customers.⁸¹ SBUA's Reply Brief maintained that it is unreasonable to close CSOs serving several classes of customers and take the funds to only serve one class of customers without PG&E assessing the true need of small businesses that used the service.⁸²

SBUA's Reply Brief stated that PG&E raises for the first time in its Opening Brief that its existing 10 employee Success Through Additional Resources & Training (START) team that targets small businesses on-boarding is an adequate substitute for CSOs⁸³ but SBUA argues that neither the START team nor the Small Business Pilot target CSO users. According to SBUA's Reply Brief, small business customers are defined as hard-to-reach customers and frequently recognized as underserved, particularly when located in ESJ communities.⁸⁴

⁸⁰ *Ibid*, at 3.

⁸¹ *Ibid*.

⁸² *Ibid*, at 5.

⁸³ *Ibid*.

⁸⁴ *Ibid*, at 6, citing D.18-05-041 at 43.

SBUA asserted that PG&E did not engage with SBUA prior to filing its application and did not conduct any outreach to small business customers regarding the services offered by CSOs.

Regarding alternative uses for CSO spaces, SBUA's Reply Brief stated that PG&E claims that lease renegotiation would result in "unfavorable financial terms" but presents no evidence of having actually asked a single landlord.⁸⁵ According to SBUA, PG&E never queried CSO staff, other internal stakeholders, CBOs or local governments about potential uses and its present plans for using most of the sites are vague.⁸⁶ Regarding NPCs, SBUA's Reply Brief asserted that PG&E should be required to directly assess whether sufficient NPCs are appropriately located in light of the closure of CSOs.⁸⁷

4.4. ALJ Ruling

On October 5, 2022, the assigned ALJ determined that additional information was needed to address the remaining disputed issues, and issued the following ruling directing PG&E and SBUA to respond to the following questions by October 12, 2022:

For SBUA:

1. What specific Public Utilities Code(s), Commission Rules, General Orders and Decision(s) does SBUA contend that PG&E's application does comply with? Provide the relevant section(s) or subsection(s) for each Code, Rule, Order or Decision.
2. Identify which of the 65 CSO offices, that SBUA contends, should not be closed and provide justification to support why each should remain open? Also explain what

⁸⁵ *Ibid.*

⁸⁶ *Ibid.*, at 7.

⁸⁷ *Ibid.*

- mitigations are necessary to address the customer impacts generally and for business customers specifically.
3. For small business customers, what specific potential impacts does SBUA contend are important to mitigate and how does SBUA believe PG&E should mitigate them?
 4. What specific outreach activities does SBUA contend PG&E should undertake to ensure that small business communities are not negatively impacted by CSO closures?
 5. For each location that SBUA contends should remain open, identified in the response to question 2 above, please identify the alternative use(s) that would be appropriate for that location.
 6. PG&E has indicated that the NPCs are located within 3 miles of CSOs and sometimes will be located outside the 3 mile radius.⁸⁸ For locations outside the 3 mile radius PG&E has indicated that it will provide (customers) the closest NPC measured in miles.⁸⁹ Since CSOs serve both residential and small business customers, if CSOs are closed the same accommodation would apply to small business customers. Indicate what additional mitigation that SBUA contends would be appropriate to provide for small business customers and provide justification for each mitigation measure.

For PG&E:

1. PG&E's application (at p. 5) has indicated that all customers would benefit from a potential \$14.9 million savings resulting from closing 65 CSOs. Provide a "business-as-usual" estimated cost breakdown for the costs

⁸⁸ Pacific Gas and Electric Company Customer Service Office Closure and Transformation Proposal Prepared Testimony, Chris Zenner, Chapter 1, at 1-12.

⁸⁹ *Ibid.*

to keep all 65 CSOs open; separating estimated operational cost from estimated CSO employee costs to get to an estimated final cost number.

4.4.1. PG&E's Comments on ALJ Ruling

PG&E reported that the "business-as-usual" ~~total~~ forecast for continued operation of all its 65 CSOs is approximately \$119 million, with an estimated labor/non-labor cost breakdown of \$68.9 million and \$50.1 million⁹⁰ respectively.

⁹⁰ PG&E estimates a potential cost savings of \$14.9 million from CSO closures, however, this amount does not contemplate the estimated savings from the reduction of labor costs. When savings from reduction of labor costs are accounted for, the estimated total cost savings is approximately \$73.3 million⁹¹ dollars over four years (2023-2026). ⁹¹~~92~~4.4.2. Approximately \$45.7 million⁹³ dollars in total estimated cost savings will be returned to the ratepayers, over 2023 to 2026, representing the difference between the estimated cost of reopening CSOs and permanently closing the CSOs. SBUA Comments on ALJ Ruling

SBUA's comments on the ALJ ruling, in response to question 1, indicated that PG&E's CSO Closure and Transformation Proposal is based on inadequate analysis and outreach to customers effected by the closures; and SBUA's opinion that there is no legal or practical reason that PG&E's proposed outreach program cannot be expanded or modified. ⁹²⁹⁴ SBUA's comments referred to Public

⁹⁰ Opening Comments of Pacific Gas and Electric Company on Administrative Law Judge's Ruling, October 12, 2022, at 1.

⁹⁰ ~~Opening Comments of Pacific Gas and Electric Company on Administrative Law Judge's Ruling, October 12, 2022, at 1.~~

⁹¹ \$44.7 million in labor and \$28.6 million in non-labor.

⁹¹⁹² Ibid, at 2.

⁹³ \$24.2 million in labor and 21.5 million in non-labor.

⁹²⁹⁴ Small Business Utility Advocates' Answer to ALJ Ruling Questions,

Utilities Code, section 453(c) as prohibiting “unreasonable differences” in service or facilities between classes and a failure to provide “adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities,” as required by section 451.⁹³⁹⁵ SBUA’s comments also mentioned Public Utilities Code, section 311(d) as requiring that decisions by the Commission containing factual findings and conclusion.⁹⁴⁹⁶ According to SBUA’s comments PG&E’s application approached the question of CSO closure with a predetermined objective and does not include a good faith analysis of alternatives to closure, analysis of anything short of 100% closure or an assessment of impacts of closure, as could be obtained by readily available means such interviews with CSO customer service staff and former CSO users.⁹⁵⁹⁷ SBUA’s comments further asserted that PG&E must present a detailed and well-balanced application and detailed factual record, even if ultimately the programmatic outcome is unchanged.⁹⁶⁹⁸ SBUA’s comments also suggested that any retained CSO sites be more affirmatively used for enhanced engagement with customers and to trial new programs and learn from customers.⁹⁷⁹⁹

In response to ALJ ruling question 2, SBUA’s comments maintained that CSO offices with high utilization rates (as of last assessment) and low cost-savings potential because they are in spaces that cannot be sold or productively disposed of in the near-term should be retained as CSO sites.⁹⁸¹⁰⁰

⁹³⁹⁵ Ibid, at 4.

⁹⁴⁹⁶ Ibid.

⁹⁵⁹⁷ Ibid, at 5.

⁹⁶⁹⁸ Ibid.

⁹⁷⁹⁹ Ibid.

⁹⁸¹⁰⁰ Ibid, at 6.

According to SBUA's comments, PG&E has not provided any methodology for weighing the value of convenience and quality of in-person assistance provided against the relatively modest cost savings of CSO closures.⁹⁹¹⁰¹ From a PG&E data response, SBUA's comments identified the Bakersfield CSO as having the second highest number of annual payments of any CSO (10,402 small business and 132,240 residential) yet it only occupies approximately 607 square feet of a larger PG&E office that will be retained.¹⁰⁰¹⁰² According to SBUA, this site should continue to offer customers in-person service. SBUA's comments proposed that any retained CSO sites be more affirmatively used for enhanced engagement with customers and to trial new programs and learn from customers.

SBUA's comments on the ALJ ruling, in response to question 3, indicated that small business customers face a wider range of program (EE, DER ¹⁰¹¹⁰³, economic development, etc.) and rate options than residential customers. This can lead to confusion and failure to select the right rate plan or access benefit programs.¹⁰²¹⁰⁴ SBUA's comments indicated that PG&E has not conducted any surveys regarding the non-payment services that were provided by CSOs.¹⁰³¹⁰⁵ A pilot outreach program to former small business CSO users to assess their needs and assist answering questions will address deficiencies caused by the CSO closures, according to SBUA.

SBUA's comments on the ALJ ruling, in response to question 4, indicated that the most appropriate means for PG&E to develop interventions for small

⁹⁹¹⁰¹ Ibid.

¹⁰⁰¹⁰² Ibid, at 7-8.

¹⁰¹¹⁰³ EE means Energy Efficiency and DER means Distributed Energy Resources.

¹⁰²¹⁰⁴ Ibid, at 8.

¹⁰³¹⁰⁵ Ibid.

businesses is by directly engaging with customers to understand their needs.¹⁰⁴

~~According to SBUA, the START team identified in PG&E's Opening Brief, or existing CSO staff or soon-to-be-hired customer service staff are appropriate avenues for this outreach.¹⁰⁵ SBUA's comments also suggested that PG&E conduct a focus group meeting with CSO staff to identify any drawbacks of CSO closures, services that were provided better or questions that were frequently answered by in-person staff. SBUA's comments recommended that PG&E use the post-closure review that it conducted in 2007, filing a Tier 3 Advice Letter that provided (1) reporting on the surveys, outreach and focus groups, and lessons learned, (2) describing means to be undertaken to respond to any diminished services or issues identified, and (3) analyzing alternative uses of CSO spaces retained and making any recommendations.¹⁰⁶ According to SBUA, the START team identified in PG&E's Opening Brief, or existing CSO staff or soon-to-be-hired customer service staff are appropriate avenues for this outreach.¹⁰⁷ SBUA's comments also suggested that PG&E conduct a focus group meeting with CSO staff to identify any drawbacks of CSO closures, services that were provided better or questions that were frequently answered by in-person staff. SBUA's comments recommended that PG&E use the post-closure review that it conducted in 2007, filing a Tier 3 Advice Letter that provided (1) reporting on the surveys, outreach and focus groups, and lessons learned, (2) describing means to be undertaken to respond to any diminished services or issues~~

¹⁰⁴ ~~*Ibid.*, at 9.~~

¹⁰⁵ ~~*Ibid.*~~

¹⁰⁶ ~~*Ibid.*, at 9.~~

¹⁰⁷ ~~*Ibid.*~~

identified, and (3) analyzing alternative uses of CSO spaces retained and making any recommendations.¹⁰⁸

SBUA's comments on the ALJ ruling, in response to question 5, indicated that PG&E should conduct reasonable due diligence to determine from internal surveys (such as to CSO support staff, Regional VP staff, DER/EE outreach staff, PSPS/heating/cooling site operations management and others engaged with the public) and inquiries to allied CBOs and local governments how to best use space that cannot in the near-term be disposed of on terms financially beneficial to customers.¹⁰⁷¹⁰⁹

SBUA's comments on the ALJ ruling, in response to question 6, indicated that while NPCs serve an important need, they are not providing any non-payment services.¹⁰⁸ ~~In its comments, SBUA requested that PG&E directly survey NPC users to assess whether sufficient NPCs are appropriately located in light of the closure of CSOs.~~¹⁰⁹ ~~In addition, SBUA's comments suggested that PG&E conduct a survey of NPC operators regarding frequent problems encountered by customers or frequently asked questions.~~¹¹⁰ In its comments, SBUA requested that PG&E directly survey NPC users to assess whether sufficient NPCs are appropriately located in light of the closure of CSOs.¹¹¹ In addition, SBUA's comments suggested that PG&E conduct a survey of NPC

¹⁰⁸ Ibid.

~~¹⁰⁷~~¹⁰⁹ Ibid., at 10.

~~¹⁰⁸~~ ~~Ibid.~~

~~¹⁰⁹~~ ~~Ibid.~~

¹¹⁰ Ibid.

¹¹¹ Ibid.

operators regarding frequent problems encountered by customers or frequently asked questions.¹¹²

4.3.3. PG&E Reply Comments on ALJ Ruling

PG&E's reply comments highlighted its support for its small business customers. PG&E mentioned an MOU concluded by parties to the PG&E 2023 GRC that allocated \$6.5 million annually (a total of \$26 million over the GRC period) to provide outreach and support to small business customers.¹¹¹¹¹³ The GRC funding would cover the following activities:¹¹²¹¹⁴

- Marketing small business programs and energy solutions.
- Providing explanations of billing changes.
- Providing updates on the optimal rate schedules.
- Answering small business customer questions.

PG&E mentioned that "the small percentage of small business customers who were previously served by CSOs are among those customers who would be served by this GRC funding."¹¹³¹¹⁵

PG&E's comments asserted that it has jointly developed, with the other investor-owned utilities, the Small Business Customer Outreach Pilot to serve small businesses customers in disadvantaged communities.¹¹⁴¹¹⁶ Additionally, any former CSO small business customers who are not contemplated by the pilot program, PG&E's comments mentioned the following program options:

¹¹² Ibid.

¹¹¹¹¹³ Reply Comments of Pacific Gas and Electric Company on Administrative Law Judge's Ruling, October 19, 2022, at 1.

¹¹²¹¹⁴ Ibid., at 1-2.

¹¹³¹¹⁵ Ibid.

¹¹⁴¹¹⁶ Ibid.

- Small Business Engagement (SBE).
- Success Through Additional Resources and Training (START)
- Customer Contact Center.
- PG&E Website.

PG&E disagreed with SBUA's assertion that its application did not comply with all Codes, Rules, General Orders, and Decisions. PG&E's comments take the position that SBUA's reasoning is flawed when it claims that PG&E's application is in violates Public Utilities Code, section 453(c) when it proposed proactive outreach to vulnerable residential customers.¹¹⁵¹¹⁷ According to PG&E's comments, "the closure of all the CSOs affects all former CSO customers and does not disproportionately affect small business customers. Consequently, PG&E is providing alternate service channels to CSOs for all former CSO customers including small business customers."¹¹⁶¹¹⁸

Regarding SBUA's comments about PG&E's alleged violation of Public Utilities Code, section 311(d), PG&E's reply comments asserted that it is unclear how this code section applies to its actions.¹¹⁷¹¹⁹ PG&E's reply comments allege that SBUA comments insinuate that PG&E prepared its application without the appropriate professionalism or objectivity.¹¹⁸¹²⁰ However, SBUA did not provide any details or examples of lack of professionalism.¹¹⁹¹²¹

¹¹⁵¹¹⁷ Reply Comments of Pacific Gas and Electric Company on Administrative Law Judge's Ruling, October 19, 2022, at 2-3.

¹¹⁶¹¹⁸ *Ibid*, at 3.

¹¹⁷¹¹⁹ *Ibid*.

¹¹⁸¹²⁰ *Ibid*.

¹¹⁹¹²¹ *Ibid*.

In response to the ALJ's question about alternative uses for closed CSO locations, PG&E's reply comments reiterated the following SBUA suggested alternative uses: "technology and energy efficiency demonstration areas ("energy centers"), conduct wildfire safety information sessions, spaces to conduct training for contractors and building inspection officials regarding new high efficiency appliances, cooling/heating or PSPS shelter spaces and Regional VP staff community-engagement office hours."¹²⁰¹²² SBUA's opening comments mentioned Bakersfield as a potential CSO location that should remain open.¹²⁴¹²³ PG&E's reply comments stated that, Bakersfield, at 607 square feet, would be too small of a space for the public uses that SBUA proposes and does not have restrooms accessible to the public.¹²²¹²⁴

Regarding NPCs, PG&E's reply comments asserted that it is continuously seeking to expand its NPC presence and is actively recruiting new locations, including those located in small businesses.¹²³¹²⁵ SBUA's opening comments recommended that PG&E conduct survey with NPC users and operators.¹²⁴¹²⁶ PG&E's reply comments questioned the benefits of surveys asserting that, "PG&E is currently actively recruiting NPCs especially those in areas near the closed CSOs. No matter the results of the survey, PG&E agrees that NPCs are a

¹²⁰¹²² Reply Comments of Pacific Gas and Electric Company on Administrative Law Judge's Ruling, October 19, 2022, at 5.

¹²⁴¹²³ Small Business Utility Advocates' Answer to ALJ Ruling Questions, October 12, 2022, at 8.

¹²²¹²⁴ Reply Comments of Pacific Gas and Electric Company on Administrative Law Judge's Ruling, October 19, 2022, at 5.

¹²³¹²⁵ *Ibid*, at 6.

¹²⁴¹²⁶ Small Business Utility Advocates' Answer to ALJ Ruling Questions, October 12, 2022, at 11.

beneficial service to our customers which we will continue to expand.”¹²⁵¹²⁷
 SBUA’s opening comments suggested that PG&E institute a
 “surveillance/feedback system” with NPC customers to “proactively identify
 unanswered questions or issues.”¹²⁶¹²⁸ PG&E’s reply comments agreed that it is
 important to receive and engage with customer feedback and further stated that
 PG&E tracks complaints that come through NPCs on an ongoing basis and
 actively works toward addressing and resolving those issues.¹²⁷¹²⁹

4.4.2. ~~4.4.3.~~ **SBUA Reply Comments on ALJ Ruling**

SBUA’s reply comments assert that PG&E’s argument for closing its CSOs
 is that keeping CSOs open is essentially a waste of money and does not explain
 the actual cost of retaining select, low-cost, high-value CSO locations.¹²⁸¹³⁰
 SBUA’s reply comments stated that PG&E has not defined the necessary scope or
 ultimate size of the outreach program described in its application yet asserts that
 its funding must be tied to funds freed up by CSO closures.¹²⁹¹³¹

SBUA’s reply comments also stated that PG&E has not justified whether
 additional staff are in fact necessary to run this new outreach program targeting
 a subset of former CSO users, positing that “presumably there are adequate staff
 to keep some high utilization sites that are part of PG&E’s existing offices and for

¹²⁵¹²⁷ Reply Comments of Pacific Gas and Electric Company on Administrative Law Judge’s Ruling, October 19, 2022, at 6.

¹²⁶¹²⁸ Small Business Utility Advocates’ Answer to ALJ Ruling Questions, October 12, 2022, at 11.

¹²⁷¹²⁹ Reply Comments of Pacific Gas and Electric Company on Administrative Law Judge’s Ruling, October 19, 2022, at 6-7.

¹²⁸¹³⁰ Small Business Utility Advocates’ Reply to PG&E’s Answer to ALJ Ruling Questions, October 19, 2022, at 2.

¹²⁹¹³¹ *Ibid.*

which minimal real estate savings will accrue from closure.”¹³⁰¹³² SBUA’s comments also argued that even if all CSOs are closed, there should be adequate staff to expand outreach to small business customers, such as adding staff, if needed, to PG&E’s existing 10-employee Success Through Additional Resources & Training (“START”) team.¹³¹¹³³

To support its claim that PG&E should not close all its 65 CSOs, SBUA’s reply comments indicated that PG&E’s response to the ALJ Ruling showed that closing CSOs will result in \$815,000 in lost efficiencies associated, for instance, with chargebacks; some of these losses will be reduced by keeping CSOs open and would offset payment processing-related costs.

According to SBUA’s reply comments, “even with the payment processing costs (reduced by any efficiencies), the cost of keeping these sites open are a small fraction of the total potential savings projected by PG&E in its application. As a result, only a small part of the savings is threatened by keeping a few sites open. Furthermore, an even smaller portion of savings would be threatened by PG&E expanding its outreach to small business customers akin to the outreach now provided to CARE and FERA customers.”¹³²¹³⁴

5. PG&E and NDC Settlement Agreement

On September 15, 2022, PG&E and NDC filed a joint Settlement Agreement to address the following issues that were outlined in a joint PHC statement:

¹³⁰¹³² Small Business Utility Advocates’ Reply to PG&E’s Answer to ALJ Ruling Questions, October 19, 2022, at 3.

¹³¹¹³³ *Ibid*, at 4.

¹³²¹³⁴ *Ibid*, at 6.

- Whether PG&E has appropriately engaged with underserved communities to receive feedback on their needs and input on how to mitigate harms.
- Whether PG&E's proposed amounts of cost savings are reasonable including whether it is efficient and effective to retain all current CSO employees and offer current part-time and intermittent employees full-time positions.
- Whether PG&E has appropriately incorporated working with CBOs in its plans.
- Whether metrics should be reported with breakdowns by income, ethnicity, AFN identification, and other categories, as available.¹³³¹³⁵

The PG&E and NDC Settlement Agreement agreed to the following terms:¹³⁴¹³⁶

- All 65 PG&E CSOs may permanently close on January 1, 2023.
- PG&E will track and report on the metrics as described on pages 7 and 8 of the Application and Section 2.3.1 of the MOU. In addition, PG&E will provide options for customers to voluntarily indicate their race and/or ethnicity, which PG&E will include as aggregated and anonymous values in its annual CSO Closure Report. Reporting on race and/or ethnicity information that is voluntarily provided by customers, aggregated and anonymized does not violate privacy statutes and is consistent with all applicable laws.
- PG&E's CSO workforce, in collaboration with CBOs and faith-based organizations (FBOs) that are

¹³³¹³⁵ Joint Prehearing Conference Statement of Pacific Gas and Electric Company, Center for Accessible Technology, National Diversity Coalition, Small Business Utility Advocates, and The Utility Reform Network, June 16, 2022, at 2.

¹³⁴¹³⁶ Joint Motion of Pacific Gas and Electric Company and the National Diversity Coalition for Approval of Settlement Agreement, September 15, 2022, at 2-4.

compensated to provide customers financial assistance support and that are trained on PG&E's financial assistance programs, will proactively call customers in arrears to help them reduce their past due balances and better manage their bills including enrolling them in ratepayer assistance programs including but not limited to ESA, CARE, FERA, the AMP, and Medical Baseline. PG&E has worked with NDC on numerous previous occasions to help conduct such marketing and outreach to vulnerable communities and will continue to work with NDC in the CSO transformation effort. Outreach will also include general information on other utility assistance programs.

- With the input of NDC, PG&E will provide annual training to CSO representatives on the challenges that vulnerable customers face and how to communicate with customers in an empathetic and helpful manner.
- After California Native American Tribes are given the right of first offer, if any of the six (6) stand-alone CSO buildings that PG&E plans to sell (Coalinga, Dinuba, East Oakland, Lemoore, Oakdale, and Selma) are still available, PG&E will provide notice via the CBO newsletter informing recipients of (1) the sale of the building and (2) the contact information of the broker for any interested parties who have further inquiries. Notice to the CBO newsletter will be provided concurrently with listing the properties on the open market.

5.2 Settlement Agreement Standard of Review

Pursuant to Rule 12.1(d), ¹³⁵[137](#) Parties presenting the Settlement Agreement have the burden of proof to demonstrate whether the Commission should adopt the Settlement Agreement. Rule 12.1(d) provides:

¹³⁵[137](#) All references to the Rule or Rules in this decision refer to the Commission's Rules of Practice and Procedure.

The Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

Proponents of a settlement agreement have the burden of proof of demonstrating that the proposed settlement meets the requirements of Rule 12.1 and should be adopted by the Commission. ¹³⁶138

5.1.1. Settlement Is Reasonable in Light of the Whole Record

Under the terms of the Settlement Agreement provisions have been made to address NDC's concern, in the joint PHC statement, that PG&E has appropriately engaged with underserved communities to receive feedback on their needs and input on how to mitigate harms. With input from NDC, PG&E will conduct annual training to CSO representatives to better engage with vulnerable customers. In addition, tribal communities will have an option to participate in bids for purchase of former stand-alone CSO locations. This approach is consistent with the Commission's tribal land transfer policy.

PG&E will provide options for customers to voluntarily indicate their race and/or ethnicity, which PG&E will include as aggregated and anonymous values in its annual CSO Closure Report. Providing this information addresses NDC's concern that PG&E should report metrics with breakdowns by income, ethnicity, AFN identification, and other categories, as available.

The requirement, included in the Settlement Agreement, that PG&E's CSO representatives collaborate with CBOs and FBOs that are compensated to assist customers with enrolling in financial assistance and other support programs,

¹³⁶138 D.12-10-019 at 14-15; D.09-11-008 at 6.

addressed NDC's concern that PG&E appropriately incorporated working with CBOs in its CSO closure plans.

The Settlement Agreement is silent about whether PG&E's proposed amounts of cost savings are reasonable including whether it is efficient and effective to retain all current CSO employees and offer current part-time and intermittent employees full-time positions. However, resolution of the disputed issues was achieved only after the Settling Parties participated in multiple detailed settlement discussions, resulting in a balanced settlement for all ratepayers. The Settlement Agreement fairly resolves the disputed issues.¹³⁷139

No party opposes this Settlement Agreement. TURN and CforAT support the Motion to Approve the Settlement Agreement. Cal Advocates and SBUA do not oppose the Motion to Approve the Settlement Agreement. Therefore, we find that by resolving these issues without requiring litigation, the Settlement Agreement preserves the time and resources of all parties as well as the Commission, and consequently it is reasonable and compliant with Rule 12.1(d).

5.1.2. Settlement Is Consistent with the Law

On September 15, 2022, PG&E and NDC filed a joint motion to introduce the Settlement Agreement. This filing is compliant with Rule 12.1. The motion contained the required justifications including a statement of factual and legal considerations adequate to advise the Commission of the terms of the settlement. Parties convened the requisite conference meeting per Rule 12.1(b) with notice and opportunity to participate provided to all parties.

¹³⁷139 Joint Motion of Pacific Gas and Electric Company and the National Diversity Coalition for Approval of Settlement Agreement, September 15, 2022, at 5.

There are no statutory provisions or prior Commission decisions that would be contravened or compromised by the approval of this Settlement Agreement. Therefore, the Settlement Agreement is consistent with the law.

5.2.3. Settlement Is in the Public Interest

As discussed below, the Settlement Agreement is in the public interest. In March 2020, due to concerns for its employees, customers, and the public's health and safety during the COVID-19 pandemic, PG&E closed all its CSOs to the public. During the intervening months and years all aspects of previous business, civil, government and other practices have had to change to halt the spread of the COVID-19 virus. It was appropriate and reasonable for PG&E to close its CSOs and transition to alternative payment options as outlined in its application. The COVID-19 virus continues to mutate, and it is unclear whether former pre-pandemic activities, such as operating in-person CSOs, will be reinstated. In the meantime, the costs to operate CSO locations remain in utility operations and are included proportionately in PG&E customer rates. Based on the foregoing, we find that the Settlement Agreement is in the public interest so that the cost savings from CSO closure can be returns to ratepayers.

As discussed above, the Commission has reviewed the Settlement Agreement and finds that it is reasonable in light of the whole record, consistent with the law, and in the public interest. The Settlement Agreement should be adopted by the Commission.

6. Resolution of PG&E and SBUA Disputed Issues

As noted above, SBUA did not reach a settlement agreement or MOU with PG&E.

SBUA's comments asserted that PG&E must present a detailed and well-balanced application and detailed factual record, even if ultimately the

programmatic outcome is unchanged.¹³⁸¹⁴⁰ We agree that PG&E has the burden of proof to present a comprehensive and balanced application and PG&E's application focused on customer payment transactions at its CSO locations. The information presented in the application and testimony did not disaggregate the data by customer classes, such as small businesses.

However, SBUA did not provide evidence that the Public Utilities Code and all applicable Commission Rules, General Orders, and Decisions were contravened by PG&E's application. Therefore, this dispute does not represent a barrier to the approval of this application.

In response to the assigned ALJ question of whether all 65 CSOs should be permanently closed, and if so, are mitigations necessary, SBUA maintains that CSOs with high utilization rates (as of last assessment) and low cost-savings potential because they are in spaces that cannot be sold or productively disposed of in the near-term should be retained as CSO sites.¹³⁹¹⁴¹ From a PG&E data response, SBUA's comments identified the Bakersfield (CSO) as having the second highest number of annual payments of any CSO (10,402 small business and 132,240 residential) yet only occupies approximately 607 square feet of a larger PG&E office that will be retained.¹⁴⁰¹⁴² According to SBUA, this site should continue to offer customers in-person service.

PG&E argued in its Opening Brief that all 65 CSOs should be closed because their data indicated that CSO resources can be better deployed through proactive outreach to PG&E's most vulnerable customers.¹⁴¹¹⁴³ Small business

¹³⁸¹⁴⁰ Small Business Utility Advocates' Answer to ALJ Ruling Questions, October 12, 2022, at 5.

¹³⁹¹⁴¹ Small Business Utility Advocates' Answer to ALJ Ruling, October 12, 2022, at 6.

¹⁴⁰¹⁴² *Ibid*, at 7-8.

¹⁴¹¹⁴³ Opening Brief of Pacific Gas and Electric Company, September 19, 2022, at 12.

customers constitute approximately 5 percent of the CSO exclusive customers and less than 3 percent of PG&E's customer population.¹⁴²¹⁴⁴ According to PG&E, ninety-nine percent of the small business customers who formerly paid their bills at the most highly utilized CSO made payments by using alternative payment channels by the end of 2021.¹⁴³¹⁴⁵ The remaining non-payment transactions constitute 0.2% of all CSO transactions.¹⁴⁴¹⁴⁶ This indicates that only a small number of small business customer would use CSOs for payments if they were reopened.

However, PG&E's Opening Brief also pointed to its 25 full-time employees dedicated to small business engagement including 12 Small Business Advisors and the 10 employees on the START team who provide phone-based customer outreach for new business onboarding, rate education, and creative pilot efforts as examples of how it will address small business customer needs.¹⁴⁵¹⁴⁷ This indicates that there are alternative programs PG&E offers at CSOs that small business customers can use to address payment and non-payment needs.

The record is clear that customers have successfully transitioned to other modes of payment and customer engagement in context of the COVID-19 pandemic. Therefore, this dispute does not represent a barrier to the approval of this application.

SBUA's comments on the ALJ ruling, in response to question about whether CSO closures have unmitigated impacts for small businesses in ESJ communities, indicated that small business customers face a wider range of

¹⁴²¹⁴⁴ Ibid.

¹⁴³¹⁴⁵ Ibid.

¹⁴⁴¹⁴⁶ Ibid.

¹⁴⁵¹⁴⁷ Ibid, at 13.

program (EE, DER, economic development, etc.) and rate options than residential customers. In comments to an ALJ ruling, SBUA suggested a pilot outreach program to former small business CSO users to assess their needs and assist answering questions to address deficiencies caused by the CSO closures.¹⁴⁶¹⁴⁸

PG&E, TURN, CforAT, Cal Advocates and NDC, with the MOU and Settlement Agreement, have provided plans to mitigate anticipated impacts of the CSO closures. PG&E has, in its MOU with TURN, CforAT, and Cal Advocates, included provisions for tracking metrics in an Annual Report that will allow a transparent reporting about impacts of CSO closures in ESJ communities. These metrics include low-income, AFN, and ethnicity information about the customers served to ensure continued optimal service. Finally, the Proposal includes enhanced engagement with the AFN community to improve PG&E's understanding and tracking of and outreach to its AFN customers.

PG&E's Opening Brief¹⁴⁷¹⁴⁹ asserted that its application aligned closely with ESJ Plan Goal 5 which outlines activities to "enhance outreach and public participation opportunities for ESJ communities to meaningfully participate in the CPUC's decision-making process and benefit from CPUC programs.¹⁴⁷¹⁴⁹ PG&E's Opening Brief also highlighted how its proposal, "seeks to deepen its relationship with CBOs throughout its service territory by collaborating with and training CBOs to engage in marketing and outreach of financial assistance programs to underserved communities."¹⁴⁸¹⁵⁰

After reviewing the record in this proceeding, the Commission is satisfied that from 2023 to 2026 there will be adequate tracking of the impacts of CSO

¹⁴⁶¹⁴⁸ Small Business Utility Advocates' Answer to ALJ Ruling, October 12, 2022, at 8.

¹⁴⁷¹⁴⁹ Opening Brief of Pacific Gas and Electric Company, September 19, 2022, at 14.

¹⁴⁸¹⁵⁰ *Ibid.*

closures in ESJ communities. Therefore, this dispute does not represent a barrier to the approval of this application

SBUA's comments on the ALJ ruling regarding whether PG&E has appropriately engaged with small businesses in underserved communities indicated that the most appropriate means for PG&E to develop interventions for small businesses is by directly engaging with customers to understand their needs.¹⁴⁹¹⁵¹ According to SBUA, the START team identified in PG&E's Opening Brief, or existing CSO-staff or soon-to-be-hired customer service staff are appropriate avenues for this outreach.¹⁵⁰¹⁵² SBUA's comments also suggested that PG&E conduct a focus group meeting with CSO staff to identify any drawbacks of CSO closures, services that were provided better or questions that were frequently answered by in-person staff. SBUA's comments recommended that PG&E use the post-closure review that it conducted in 2007, filing a Tier 3 Advice Letter that provided (1) reporting on the surveys, outreach and focus-groups, and lessons learned, (2) describing means to be undertaken to respond to any diminished services or issues identified, and (3) analyzing alternative uses of CSO spaces retained and making any recommendations.¹⁵¹¹⁵³

In its Opening Brief, PG&E stated that it has appropriately engaged with underserved communities and offers as an example, its coordination with TURN,

¹⁴⁹ ~~Small Business Utility Advocates' Answer to ALJ Ruling, October 12, 2022, at 8.~~

¹⁵¹ [Small Business Utility Advocates' Answer to ALJ Ruling, October 12, 2022, at 8.](#)

¹⁵⁰ ~~Ibid., at 9.~~

¹⁵² [Ibid., at 9.](#)

¹⁵¹¹⁵³ [Ibid.](#)

CforAT, Cal Advocates, and NDC to ensure that their constituents' voices were heard in developing its CSO Closure and Transformation Proposal.¹⁵²¹⁵⁴

PG&E's responses within the record for disputed issues are without specific reference to small businesses in underserved communities. PG&E provides information about its Energy Ambassadors pilot program for small businesses in disadvantaged communities. The definitions for disadvantaged communities and underserved communities may overlap but this is also not addressed specifically. SBUA's response to the ALJ ruling may contain guidance for PG&E to consider for augmenting the services it plans to provide to small businesses in underserved communities, such as conducting a focus group groups with CSO staff that work small businesses in underserved communities and directly engaging with small business customers to understand their needs.

The metric tracking information that PG&E has included in its MOU with TURN, CforAT, and Cal Advocates can serve as a guide for PG&E to voluntarily develop similar metrics, as appropriate, for small businesses in underserved communities. As mentioned before, CSO closures in PG&E's service territory represent a significant cost savings to all customers including small business customers. Therefore, this dispute does not represent a barrier to the approval of this application.

SBUA's comments on alternative potential uses for some existing CSO locations stated SBUA's belief that PG&E should conduct due diligence to determine from internal surveys (such as to CSO support staff, Regional VP staff, DER/EE outreach staff, PSPS/heating/cooling site operations management and others engaged with the public) and inquiries to allied CBOs and local

¹⁵²¹⁵⁴ Opening Brief of Pacific Gas and Electric Company, September 19, 2022, at 14.

governments how to best use space that cannot in the near-term be disposed of on terms financially beneficial to customers.¹⁵³¹⁵⁵

PG&E's Opening Brief claimed that 28 out of the 65 CSO locations have lease terms that would limit alternative uses. From the remaining 31 CSO locations there are space or configuration constraints that prevent some of the alternative uses suggested by SBUA. For the remaining six stand-alone properties that PG&E owns, alternative uses would reduce the cost savings from CSO closures by 20 percent.

The uncertainty about whether or when to reopen CSOs is linked to the COVID-19 pandemic and does not allow for a complete weighing of all the options for alternative uses for PG&E CSO closure locations. However, the benefit to customers in terms of cost savings is immediate and clear. Therefore, this dispute does not represent a barrier to the approval of this application.

SBUA's comments on potential locations and positioning of NPC locations indicated that while NPCs serve an important need, they are not providing any non-payment services.¹⁵⁴ ~~In its comments, SBUA requested that PG&E directly survey NPC users to assess whether sufficient NPCs are appropriately located in light of the closure of CSOs.~~¹⁵⁵ ~~In addition, SBUA's comments suggested that PG&E conduct a survey of NPC operators regarding frequent problems encountered by customers or frequently asked questions.~~¹⁵⁶ In its comments, SBUA requested that PG&E directly survey NPC users to assess whether

¹⁵³¹⁵⁵ Small Business Utility Advocates' Answer to ALJ Ruling, October 12, 2022, at 10.

¹⁵⁴ ~~*Ibid.*, at 11~~

¹⁵⁵ ~~*Ibid.*~~

¹⁵⁶ ~~*Ibid.*~~, at 11

sufficient NPCs are appropriately located in light of the closure of CSOs.¹⁵⁷ In addition, SBUA's comments suggested that PG&E conduct a survey of NPC operators regarding frequent problems encountered by customers or frequently asked questions.¹⁵⁸

PG&E's Opening Brief identified that it has 561 NPCs and that NPCs are located within three miles of the closed CSOs.¹⁵⁷¹⁵⁹ However, in some cases, NPCs are located outside of this three-mile radius. PG&E asserted that it is continuously seeking to expand its NPC presence and is actively recruiting new locations, including those located in small businesses.¹⁵⁸¹⁶⁰

PG&E's application and concurrent MOU address NPCs in multiple instances.¹⁵⁹¹⁶¹ For example, the application mentions NPCs as one of several alternative payment options⁷ in its discussion about a customer communication plan⁷, and as a component of a planned Annual Report, etc. PG&E explained that it strived to locate NPCs within 3 miles of CSOs and will provide the list of NPCs located within 3 miles of the CSO. When NPCs will be located outside of this 3-mile radius, PG&E will provide the closest NPC as measured in miles.

PG&E's decision to locate NPCs within a three-mile radius of a closed CSO office is reasonable for consumers that own automobiles. For consumers traveling by public transportation this policy may be challenging especially for rural areas where the NPC may be located outside of the three-mile radius.

¹⁵⁷ Ibid.

¹⁵⁸ Ibid.

¹⁵⁷¹⁵⁹ Opening Brief of Pacific Gas and Electric Company, September 19, 2022, at 17-18.

¹⁵⁸¹⁶⁰ Ibid.

¹⁵⁹¹⁶¹ See PG&E Application, April 28, 2022, at 6 and PG&E Testimony at Chapter 1, at 1-4 to 1-14 and 1-AtchA-4 to 1-AtchA-5.

PG&E's existing policies and practices for locating NPCs are reasonable for the majority of its former CSO customers. PG&E should consider SBUA's comments as ideas, where appropriate, for potential modifications to its NPC policies. These policies do not present an overwhelming barrier to approving this application. Therefore, this dispute does not represent a barrier to the approval of this application.

7. **Comments on Proposed Decision**

The proposed decision of ALJ Hazlyn Fortune, in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. ~~Comments~~Opening comments were filed ~~on _____~~, by TURN, NDC, and PG&E, on November 30, 2022, and reply comments were filed ~~on _____~~, by _____ SBUA on December 5, 2022. On November 30, 2022, SBUA filed, and was granted, a motion to accept late filed comments. PG&E filed, and was granted, a motion asking to file reply comments on December 6, 2022.

PG&E's opening comments on the Proposed Decision (PD) recommend that the Commission clarify the text of Ordering Paragraph 7 to indicate that PG&E should submit a Tier 2 Advice Letter within 60 days of Commission approval of this proceeding and the 2023 GRC.¹⁶² This change is compliant with the MOU and appropriate because the final savings that will be determined in the GRC. The PD has been updated to reflect this clarification.

¹⁶² Opening Comments of Pacific Gas and Electric Company on Proposed Decision Approving Joint Memorandum of Understanding and Settlement Agreement and Resolving Disputed Issues, November 30, 2022, at 1.

TURN's opening comments recommend that the PD clarify the estimated cost savings from the PG&E CSO closure proposal. The PD clarifies the estimated savings over the 2023 -2026 period.¹⁶³ The Commission should also modify the PD by introducing a cap on the number of full-time employees that will participate in the CSO transformation Proposal's core activities, according to TURN. TURN's comments expressed concern that without a cap on full-time employees, ratepayers may not receive labor savings from the replacement of the CSOs with this experimental customer service function.¹⁶⁴ PG&E has presented different numbers about its CSO transformation workforce; a data response to NDC indicated 82¹⁶⁵ (70 full-time employees and 12 management), rebuttal testimony 104¹⁶⁶ (95 full-time employees and 9 management) and reply brief 110¹⁶⁷ (100 full-time employees and 10 management). Instead of imposing a cap on the workforce, the revised PD adopts a freeze at 100 union full-time employees and 10 PG&E management employees during the 2023 -2026 period. A freeze at 100 full-time employees is compliant with the IBEW 1245 agreement. Moreover, PG&E has already indicated that based on the metrics gathered in their CSO Annual Report, it will adjust the number of (CSO full-time) employees in the 2027 GRC.¹⁶⁸ PG&E can consider voluntarily providing information in the Annual Tier 2 Advice Letter to the Energy Division should it seek to increase its CSO workforce. This Advice Letter will be sent to the parties of this proceeding

¹⁶³ Comments of the Utility Reform Network on the Proposed Decision of Administrative Law Judge Fortune, November 30, 2022, at 1 to 2.

¹⁶⁴ Ibid., at 3.

¹⁶⁵ PG&E Response to NDC data request, NDC Testimony, August 31, 2022, at 13 (lines 8-9).

¹⁶⁶ PG&E Rebuttal Testimony, September 7, 2022, at 1-11.

¹⁶⁷ PG&E Reply Brief, September 26, 2022, at 3.

¹⁶⁸ Ibid., at 4.

and the 2023 GRC proceeding. Including information in the Advice Letter will allow all parties to track PG&E's CSO workforce needs.

NDC's opening comments recommended adopting the Settlement Agreement between PG&E and NDC, clarifying references to Appendix A and Appendix B, limiting the CSO employee headcount to no more than 90 through December 31, 2025, and affirmatively approving all pending motions. Because the PD already approves the PG&E and NDC Settlement Agreement there is no need to add additional text to support this outcome. The PD is revised to eliminate potentially confusing references to Appendix A and Appendix B replacing Appendix with Attachment A and B. The revised PD declines to adopt NDC's recommendation to limit the CSO employee headcount to no more than 90 through December 31, 2025. The pending motions identified in NDC's opening comments are addressed in the PD at Section 1 pages 4 and 5.

SBUA's opening comments recommended that the PD be revised to require PG&E to conduct post-decision survey and outreach.¹⁶⁹ SBUA's comments also indicated that PD revisions correct a misinterpretation of the ESJ Action Plan.¹⁷⁰ The Commission's Rules of Practice and Procedure at 14.3 (c) indicate that comments to proposed or alternate decision shall focus on factual, legal or technical errors. The revised PD declines to address NDC's post-decision survey and outreach recommendation. Regarding an alleged misinterpretation of the ESJ Action Plan, the PD does not endorse PG&E's views and does not have to be revised.

¹⁶⁹ Small Business Utility Advocates' Opening Comments on Proposed Decision Approving Joint Memorandum of Understanding and Settlement Agreement and Resolving Disputed Issues, November 30, 2022, at 3.

¹⁷⁰ Ibid., at 6.

PG&E's reply comments recommended that the Commission grant all pending motions; (2) to reflect the estimated savings to be approximately \$45.7 million if the Application is granted; (3) to mandate a cap of 110 CSO full-time employees during the 2023 GRC period; and (4) the modification of Ordering Paragraph 7 as proposed by PG&E in its opening comments. The reply comments supported TURN and NDC recommendations to revise the PD to reflect \$45.7 million in estimated cost savings. Regarding TURN's recommendation to cap full-time CSO employees PG&E's reply comments explained that its joint letter agreement with IBEW 1245 to maintain a minimum head count of 100 (union members).¹⁷¹ The reply comments further argued that the CSO workforce will be in high demand because of recently resumed disconnections for non-payment among residential customers.¹⁷² PG&E's reply comments asserted that it needs flexibility to address the fluctuations in customer needs and employee attrition and 100 full-time employees do not provide that flexibility.¹⁷³ As noted above, the number of full-time CSO employees needed for PG&E CSO Transformation Proposal continues to change throughout this proceeding. However, the PG&E and IBEW 1245 agreement is clear about a minimum of 100 full-time employees for its CSO Transformation Proposal. It is reasonable to start the program at 100 full-time employees and as conditions change in the field, modify that number as appropriate.

¹⁷¹ Reply Comments of Pacific Gas and Electric Company on Proposed Decision Approving Joint Memorandum of Understanding and Settlement Agreement and Resolving Disputed Issues, December 6, 2022, at 3 to 4.

¹⁷² *Ibid.*, at 3.

¹⁷³ *Ibid.*, at 4.

SBUA's reply comments continued to assert that it is unreasonable for PG&E to close all 65 customer service offices across its territory without outreach to assess impacts such as customers' ability to make payments.¹⁷⁴ The reply comments mentioned that PG&E's application only assesses the consequences of eliminating a subset of the services that were previously offered (by customer service offices).¹⁷⁵ According to SBUA's reply comments the loss of these in-person connections is detrimental.¹⁷⁶ The comments urge the Commission to amend the Proposed Decision to require PG&E to survey former CSO users to understand the impact of the closure, undertake a pilot project to ensure that small commercial customers that formerly used CSOs remain informed about relevant programs and are maximizing bill-saving opportunities, survey NPC users to ensure their needs continue to be met, report survey results and intended mitigation measures and establish a formalized NPC monitoring and quality control system for NPCs that includes a dedicated phone hotline and webpage."¹⁷⁷

8. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Hazlyn Fortune is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. PG&E closed all its CSOs to the public in March 2020 due to the COVID-19 pandemic.

¹⁷⁴ Small Business Utility Advocates' Reply Comments on Proposed Decision Approving Joint Memorandum of Understanding and Settlement Agreement and Resolving Disputed Issues, December 5, 2022, at 1.

¹⁷⁵ Ibid., at 2.

¹⁷⁶ Ibid.

¹⁷⁷ Ibid., at 3.

2. The COVID-19 pandemic has not been declared over by national or state public health officials.

3. The MOU provisions afford reasonable notice for PG&E customers about CSO closures through a “Communications Plan.”

4. The closure of PG&E’s CSOs will result in financial savings to PG&E’s customers which is reasonable, prudent, and in the public interest.

5. PG&E and IBEW 1245 reached agreement in a December 2, 2021, letter stipulating that PG&E would maintain a minimum headcount of 100 CSO representatives, minus equal number of voluntary severances.

6. ~~5.~~ There are no safety considerations directly related to approval of the proposed MOU and Settlement Agreement.

7. ~~6.~~ The MOU provisions provide reasonable alternative means for potential customers to conduct their payment transactions through alternative means.

8. Tribal communities will have an option to participate in bids for purchase of former stand-alone CSO locations consistent with the Commission's tribal land transfer policy.

Conclusions of Law

1. The MOU concluded between and among PG&E, Cal Advocates, CforAT, and TURN should be approved.

2. It is reasonable to freeze the number of CSO representatives at 100 full-time union employees, in addition to 10 management positions, aligning in part with the PG&E and IBEW 1245 agreement.

3. ~~2.~~ The settlement agreement is reasonable in light of the whole record, consistent with law, and in the public interest.

4. ~~3.~~ The settlement agreement should be approved.

5. ~~4.~~ This proceeding should be closed.

O R D E R**IT IS ORDERED** that:

1. The Memorandum of Understanding concluded between and among Pacific Gas and Electric Company, the Public Advocates Office, the Center for Accessible Technology and The Utility Reform Network is approved.
2. The Settlement Agreement between Pacific Gas and Electric Company and the National Diversity Coalition is approved.
3. Pacific Gas and Electric Company is authorized to close all 65 of its customer service offices and shall provide related notice to customers about each office closure.
4. Pacific Gas and Electric Company shall provide customers with alternative options for customer payment and non-payment transaction.
5. Pacific Gas and Electric Company shall comply with the reporting requirements in accordance with Section 3 and Section 4 of this decision.
6. Pacific Gas and Electric Company shall comply with each component of the Memorandum of Understanding in this proceeding, and in particular Sections 2.1 – 2.5 of that Memorandum of Understanding, which is attached hereto as Attachment [4A](#) and the Settlement Agreement with the National Diversity Coalition, which is attached hereto as Attachment [2B](#).
7. [Following the Commission’s approval of this decision and the 2023 GRC,](#) Pacific Gas and Electric Company shall submit a Tier 2 Advice Letter to the Commission’s Energy Division within 60 days ~~of this decision~~, detailing: (1) the reduction to its adopted electric and gas distribution revenue requirements effective January 1, 2024, resulting from the closure of customer service offices up to that date and (2) the savings to be returned to customers that are expected to

be realized from the date of the customer service office closures through December 31, 2023.

8. Following the Commission's approval of this decision and the 2023 GRC, Pacific Gas and Electric Company shall annually submit to the Commission's Energy Division, ~~starting on~~ starting on October 1, ~~2023,~~ the revenue requirement changes associated with customer service office closure savings until all customer service offices have been closed and property transactions concluded, via Tier 2 Advice Letter served to the service lists for this application and the 2023 General Rate Case.

9. Application 22-04-016 is closed.

This order is effective today.

Dated _____, at San Francisco, California.

Document comparison by Workshare Compare on Wednesday, December 14, 2022 11:01:57 AM

Input:	
Document 1 ID	file:///C:/Users/SGU/Desktop/PD's\13. A.22-04-016 12-15 Agenda (Comment)\Original.docx
Description	Original
Document 2 ID	file:///C:/Users/SGU/Desktop/PD's\13. A.22-04-016 12-15 Agenda (Comment)\(Rev. 1) A.22-04-016 DECISION APPROVING JOINT MEMORANDUM OF UNDERSTANDING.docx
Description	(Rev. 1) A.22-04-016 DECISION APPROVING JOINT MEMORANDUM OF UNDERSTANDING
Rendering set	Standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	261
Deletions	190
Moved from	7
Moved to	7
Style change	0

Format changed	0
Total changes	465